

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF PRICE ADJUSTMENT

Docket No. R2012-06

COMMENTS OF
THE NATIONAL POSTAL POLICY COUNCIL
(March 12, 2012)

The National Postal Policy Council (“NPPC”)¹ respectfully submits these comments on the Postal Service’s notice of price adjustment regarding a temporary discount for qualifying mobile barcodes.² NPPC supports the Postal Service’s proposed mobile barcode promotional discount, although we have some concerns about how it will be implemented in practice and about the size of the discount.

NPPC supports the Postal Service’s efforts to innovate and find ways to increase the value of First-Class and Standard Mail. The proposed mobile barcode discount in this proceeding provides an example of the creative thinking that the Postal Service needs in order to increase the value of the mail and thereby retain and encourage volume. It builds on last year’s effort in this direction.

¹ The National Postal Policy Council is an association of large business users of letter mail, primarily Bulk First-Class Mail using the Automation rate category, with member companies from the telecommunications, banking and financial services, utilities, insurance, and mail services industries. NPPC members also use Standard letter mail for promotional mailings. Composed of approximately 30 of the largest customers of the Postal Service with aggregated mailings of more than 30 billion pieces, NPPC supports a robust postal system as a key to its members’ business success and to the health of the economy generally.

² United States Postal Service Notice of Market Dominant Price Adjustment, Docket No. R2012-6 (Feb. 21, 2012) (“*Notice*”).

A promotional discount for qualifying mobile barcodes should enable mailers to make new uses of the mail in ways that can benefit the Postal Service. The Commission should approve the proposal.

That said, three aspects of the mobile barcode promotion have raised concerns among NPPC members. These are:

- Conflicting statements from postal officials regarding what types of mobile barcodes will qualify for the discount, which can only lead to confusion and, unfortunately, frustration on the part of mailers;
- The size of the discount, which is reduced from that offered in the similar promotion last year and which may be insufficient to offset the additional costs that mailers may incur in creating mobile barcodes and printing them on envelopes; and
- A concern that even the additional advance notice given by the Postal Service may be insufficient for some mailers to prepare, particularly when the Postal Service fails to accompany its notice with clear guidance as to what barcodes will qualify for the discount.

I. THE POSTAL SERVICE HAS BEEN GIVING CONFLICTING GUIDANCE REGARDING WHAT MOBILE BARCODES WILL BE ELIGIBLE FOR THE DISCOUNT

The Postal Service's Notice states that to be eligible for the promotional discount, a mail piece must bear a mobile barcode that "must direct the recipients of the mailpieces to a mobile-optimized website that facilitates the purchase of a product or service, or to a personalized mobile website that is tailored to the recipient." *Notice* at 1. NPPC believes that this language needs clarification and elaboration, because its members have received conflicting guidance from postal officials as to whether particular types of barcodes would be eligible.

For example, NPPC members have received conflicting guidance regarding whether a mobile barcode that directs a recipient to a “mobile-optimized website” at which more information may be found (with a link to a purchase page) would be eligible, or whether the landing site must itself be a page on which a sale can occur immediately. Some postal officials have suggested such a site might be eligible, but others have suggested that the landing page itself must enable a purchase on the spot, and not merely lead to a purchase site one click away.

It also has not been made clear to date what would satisfy the alternative requirement for a “personalized mobile website that is tailored to the recipient.” Would a site that greets the recipient by name be eligible, or would more be required? Must the mobile barcode lead directly to a mobile version of a recipient’s user account on the site? If the mobile barcode itself must contain identifying information, that fact alone will hinder the ability of many financial institutions, and perhaps other institutions, to use the mobile barcode because they must take additional steps to authenticate a user, such as by requiring a user name and password.³

³ Several NPPC members are discussing this exact issue with the Postal Service. For security reasons, financial institutions would prefer to use a generic QR code to take the user to a mobile optimized authentication page. Once authenticated (User ID and Password), the financial company would provide users their “personalized” experience. Some Postal Service officials want the mobile barcode and/or the mobile landing page to be personalized for each customer prior to the log-in, which is a big problem for financial institutions for the reason just stated. The Postal Service is currently considering this issue.

Closely related is the consistency of enforcement. The lack of clarity among postal officials causes NPPC members concern that acceptance clerks in the field may not have clear guidance as to what barcodes will be acceptable. No one wants to incur the costs of preparing a piece to bear a mobile barcode only to have it rejected by an acceptance clerk unaware of what someone at Headquarters has said. Clarity is essential.

It should be obvious that uncertainty regarding the types of mobile barcodes that may qualify for the promotion will hinder mailer participation and frustrate the Postal Service's goals. NPPC encourages the Postal Service to provide further clarification in the near term.⁴

II. THE REDUCED DISCOUNT WILL DISCOURAGE SOME MAILERS FROM USING THE MOBILE BARCODE

As the Postal Service acknowledges, in 2011 the promotional discount for participating mailings bearing an eligible QR barcode was three percent. The promotion this year is only two percent.

The pricing flexibility granted the Postal Service by the Postal Accountability and Enhancement Act ("PAEA") gives it considerable leeway in deciding what size discount to offer. Offering a smaller discount this year compared to last year is not a violation of the Act.

⁴ Indeed, it is NPPC's understanding that USPS will be publishing further guidance on the RIBBS website within two weeks. We trust that that guidance will offer greater clarity and answer a number of specific questions.

However, the Postal Service must also recognize that reducing the discount also reduces the number of mailers that may choose to participate in the promotion. As the Postal Service itself acknowledges, the three percent discount in 2011 “demonstrated how dramatically a postage discount can influence mailer behavior.” *Notice* at 3. In this case, a number of NPPC members have advised that a discount of only two percent may not suffice to cover the costs that they may incur in developing the marketing campaigns and applying the appropriate barcode. Those mailers are not likely to proceed to incur the additional net costs (that is, the production cost incurred in planning and preparing a mobile barcode mailing exceed the postage savings) to participate in the program when less costly mailing and other alternatives are available.

The Postal Service states that its goal with this promotion is to encourage mailers to integrate mobile technologies into their mail campaigns using what the Service considers “best practices.” *Notice* at 4. NPPC also understands that 2% may be the limit of finances the Postal Service believes is available for this program this year. Nonetheless, it is an inadequate answer to say, as the *Notice* suggests (at 3), that last year’s campaign enabled some mailers to invest in the infrastructure needed to apply mobile barcodes on mailings. Many mailers did not or could not. In order to serve its goal, and build for the future, the Postal Service should not pursue promotional offerings designed so that in practice they are available largely to mailers who participated in a similar promotion in the preceding year. Instead, the Service should be encouraging as many mailers as possible to use innovative mail marketing

techniques. NPPC is concerned that a promising promotion may fall far short of its potential as a result.

Finally, NPPC urges the Postal Service to consider, in the future, offering such a promotional discount in the form of cents per piece, instead of as a percentage. A specific cents-per-piece discount will, in many cases, make it easier for mailers to determine whether the discount will be beneficial to them than a percentage-based discount, which requires a mailer to consider other factors, such as the weight and shape of the promotional piece, in determining whether to participate.

III. WHILE THE POSTAL SERVICE GAVE MORE ADVANCE NOTICE FOR THIS PROMOTION THAN IT DID LAST YEAR, STILL ADDITIONAL NOTICE WOULD BE DESIRABLE

Mailers need ample advance notice of a promotional discount offering in order to have sufficient time to evaluate the possible benefits and, if they choose to participate, to plan the campaign and design the piece. NPPC appreciates that the Postal Service has provided mailers with 100 days advance notice this year, compared to 78 days notice provided last year. That extra time is helpful to mailers.

That said, several NPPC members have suggested that even more notice would be beneficial. For many mailers, including NPPC members, budgeting and planning operational measures to respond, not to mention devising and creating the content for the specific promotions, take far longer than just over three months. NPPC urges the Postal Service to consider giving additional notice of future such promotions, or to provide a timeline of planned promotions for the following 12 months.

CONCLUSION

For the foregoing reasons, the National Postal Policy Council respectfully urges the Commission to approve the proposed discount, and for the Postal Service to provide better clarification regarding the types of mobile barcodes that will be eligible, and to give consideration to our other comments when planning future promotions.

Respectfully submitted,

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